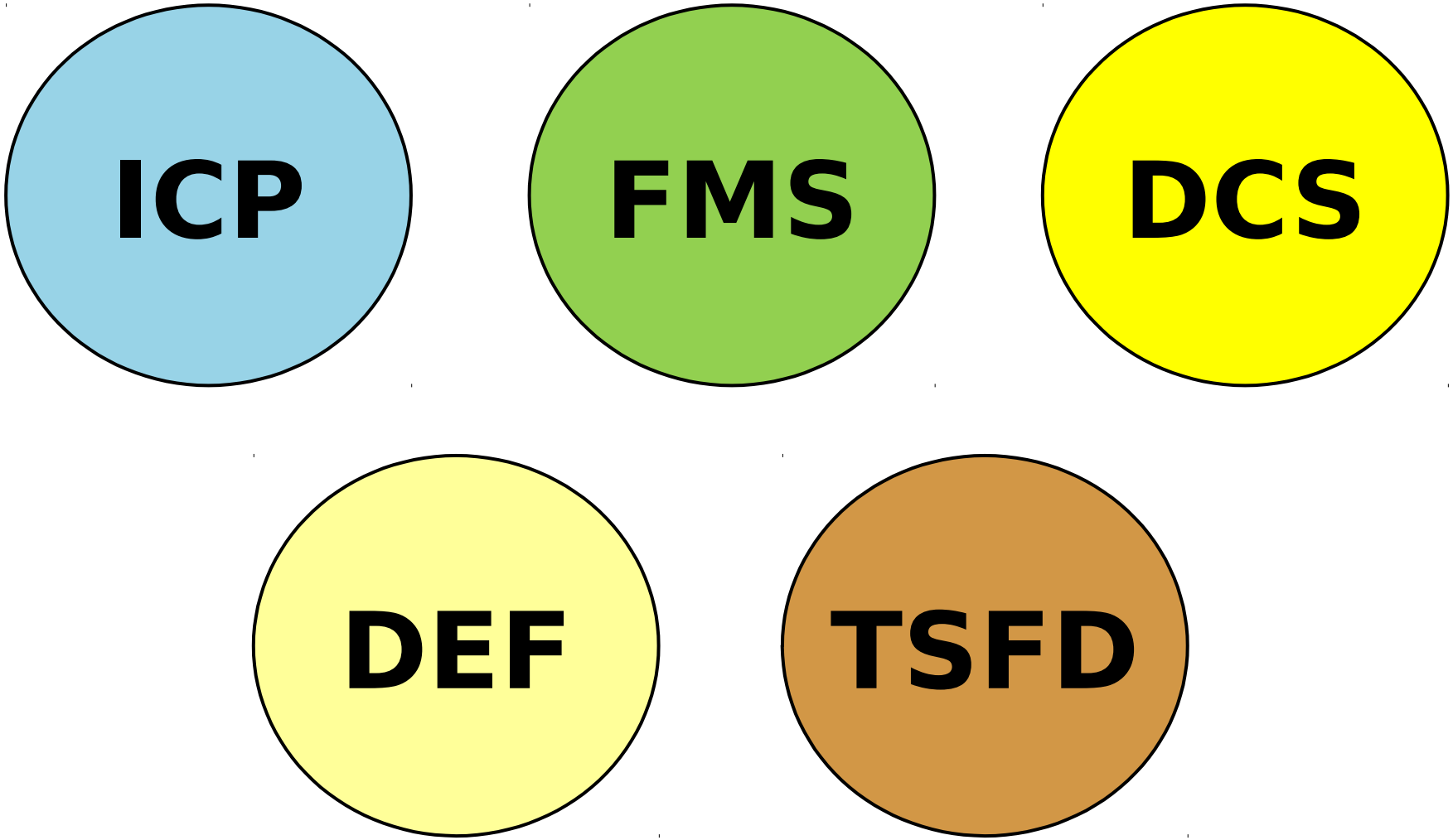
International Acquisition & Exportability

Fundamentals

Are These Acronyms Familiar?



Overview

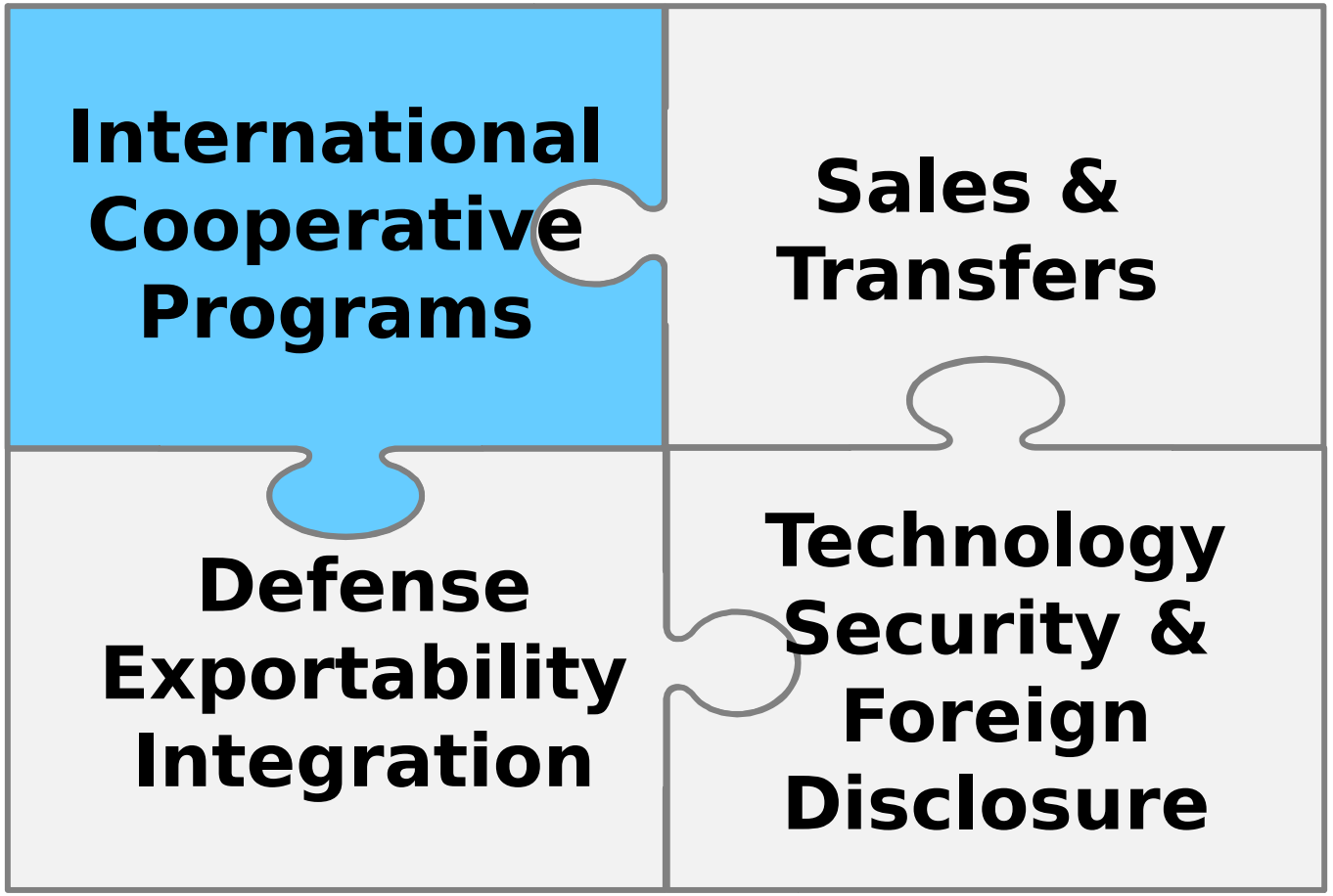
Topics

- Environment
- Int'l Acquisition Forms and Mechanisms
- Technology Security & Foreign Disclosure
- Defense Exportability
- Changing the

The Environment

Environment demands we change the way we train international acquisition professionals

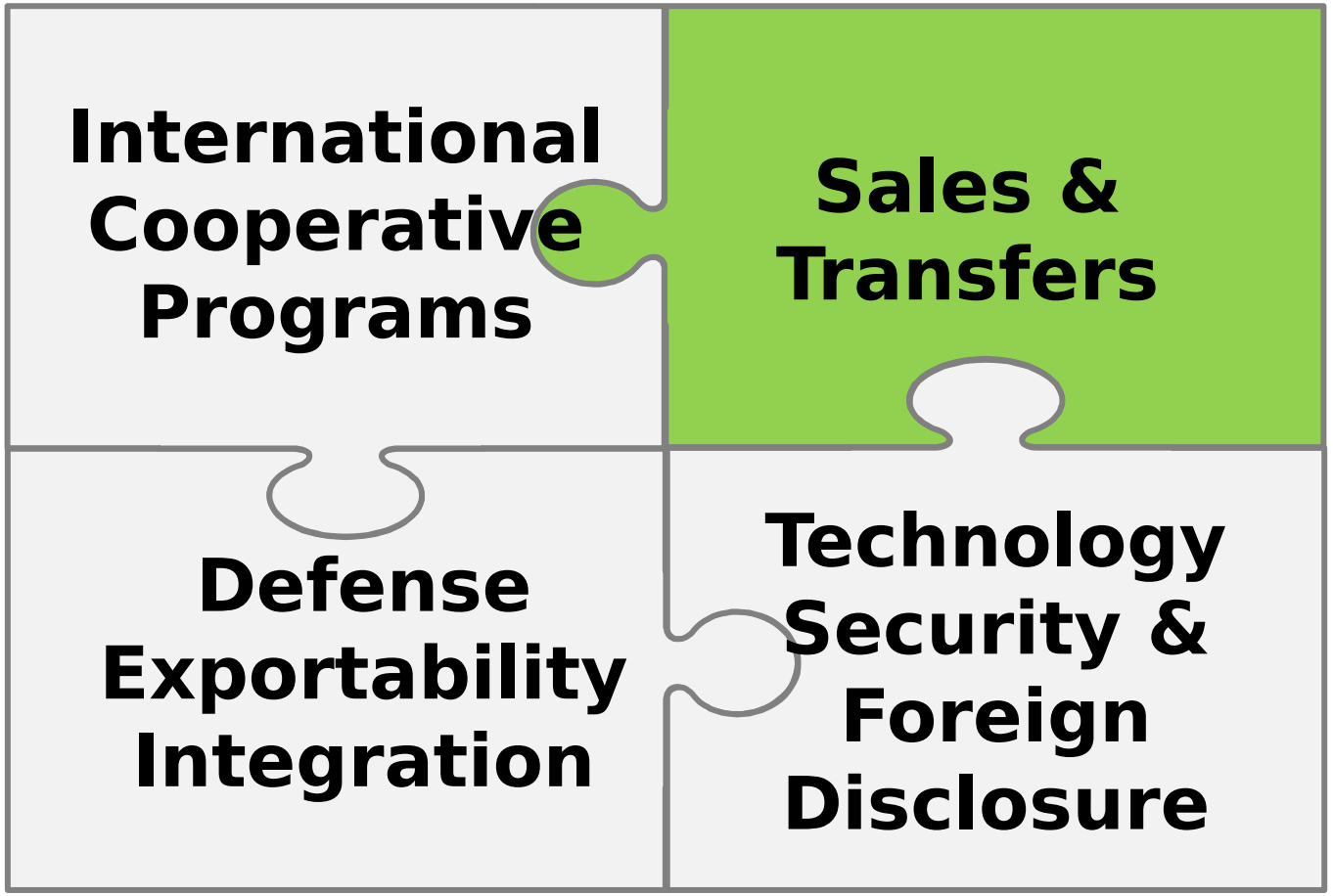
International Acquisition & Exportability (IA&E)



ICPs Vs. Defense Sales

ICPs (Partnerships)	DEFENSE SALES (Buyers-Sellers)
More Flexible	More Structured
Bilateral or Multilateral	Bilateral Arrangement
Foreign Gov't is Partner	Foreign Gov't is Customer
Joint Requirement	Foreign Gov't Requirement
Both Gov'ts Are End Users	Foreign Gov't End User
Both Gov'ts Fund	Foreign Gov't Funds
Terms are Negotiable	U.S. Sets Terms (LOA)
Both Participate in	

International Acquisition & Exportability (IA&E)



The Scale of FMS

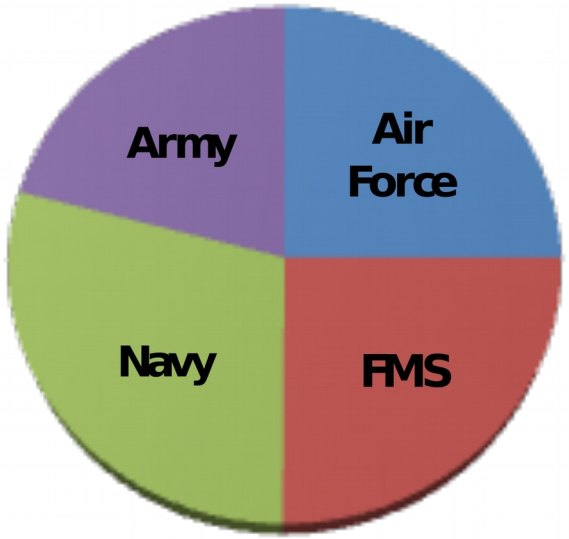
FMS and Service Procurement: 5 Year Average, FY10-14

#1. $45.1 Billion Navy
(incl. USMC)

#2. $39.0 Billion FMS

#3 $38.8 Billion Air Force

#4 $32.4 Billion Army



Benefits to the U.S.

- Builds U.S.-partner relationships
- Interoperability
- Maintain production lines
- Dollars into the U.S. economy
- Jobs

FMS vs DCS vs Hybrid

- DoD is generally neutral whether a foreign country purchases through FMS or DCS
- Certain items can be designated FMS only; based on complexity, sensitivity, interoperability, relationships
- Most major system DCS programs will have an FMS companion effort for

Many EW system international sales are "hybrid programs" due to classified aspects of system software functionality

Program Trends

Foreign Military Sales (FMS)

- Sale of DoD Configuration with Exportability Modification
- Integration of Buyer Furnished Equipment (BFE)
- Development and Integration of New Equipment

Direct Commercial Sales

- Sale of DoD Configuration with Exportability Modification
- DCS/FMS Hybrid Programs
- Sale of New or Highly Modified Systems

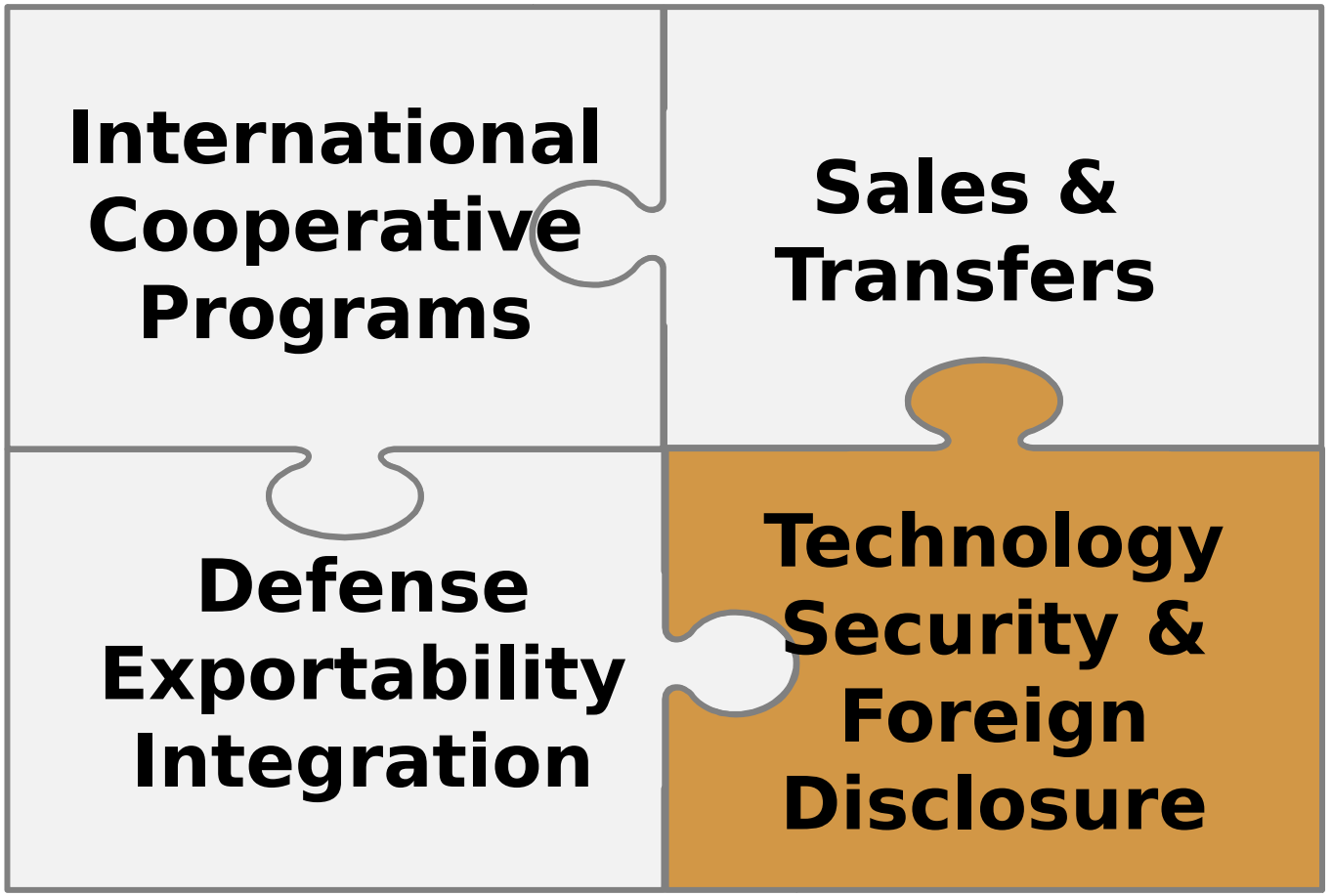
International Cooperative Programs (ICPs)

- Cooperative Development of New Systems
- Incorporating Foreign Participation in DoD Programs
- Cooperation Throughout Programs' Life-Cycles

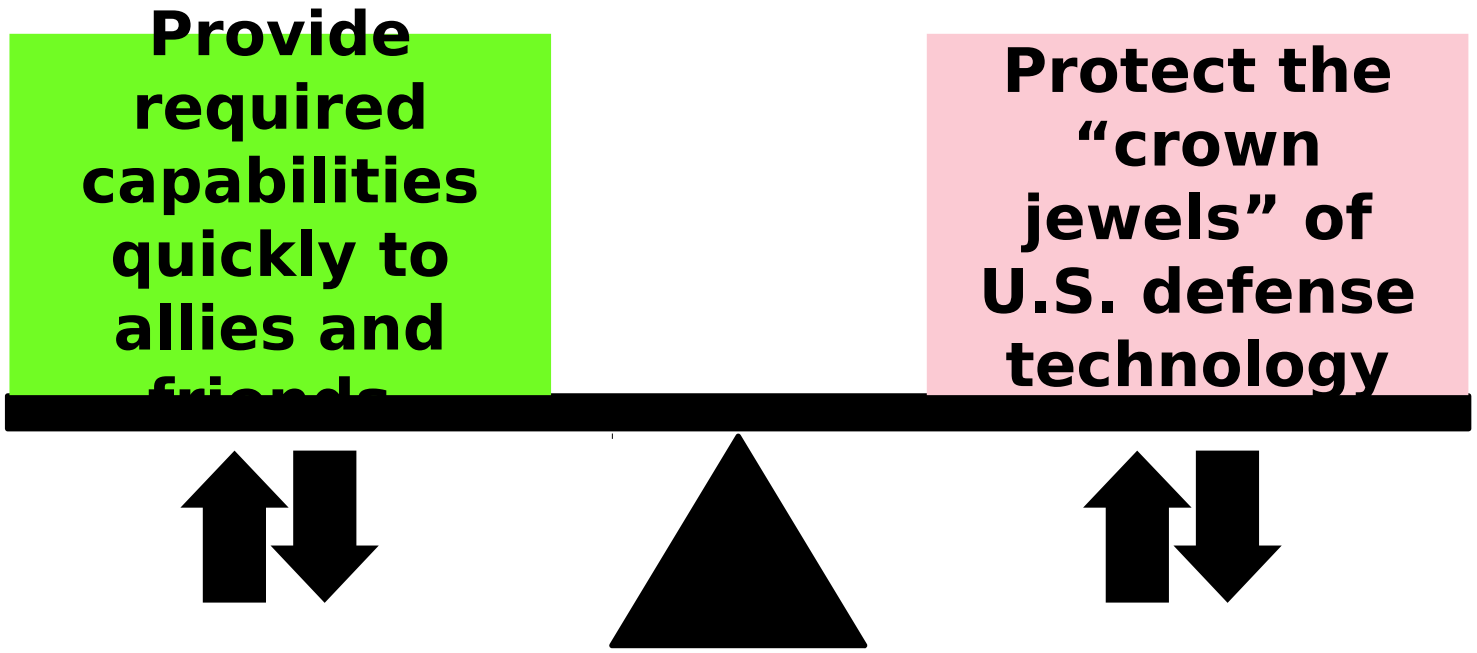
Past

Present

International Acquisition & Exportability (IA&E)



The Dilemma



How can the USG/DOD best balance these two competing demands?

TSFD and Export Control Basics

Fundamental Security Considerations

Access + **Protection**

Release Conditions

- Not transfer or use for other purposes without U.S. consent
- Provide substantially the same degree of protection as U.S.

Type of Authorizations

TSFD	Disclosure Authorizations	Export Control
DoD Intel Community Interagency	DoD Interagency	State & Commerce DoD Interagency

USG/DoD TSFD Processes

MILDEP Processes

DoD Lead: Various

MILDEP-specific various

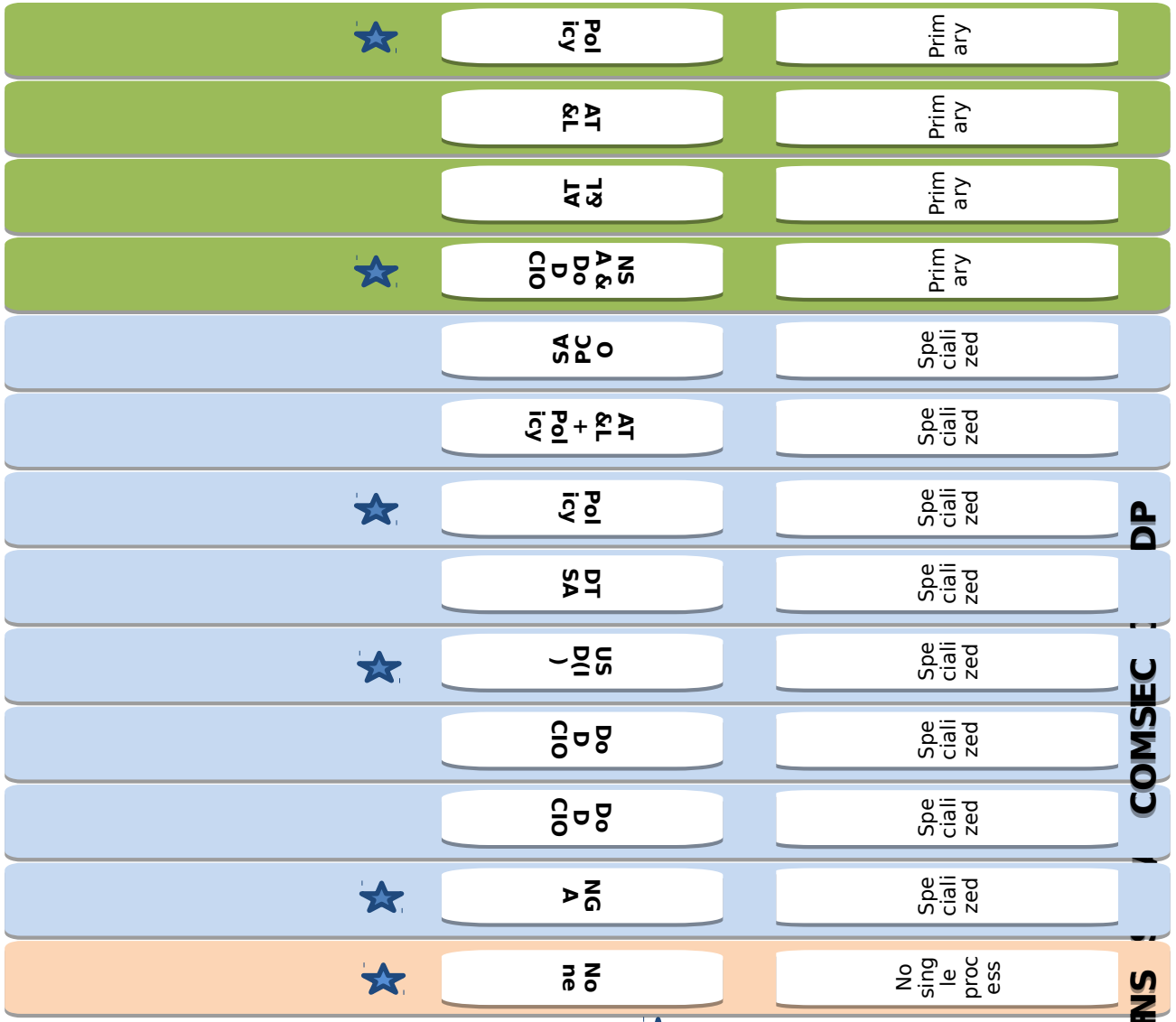
MILDEP Process

Other DoD Processes

DoD Lead: Various

Org.-specific various

Few documented processes



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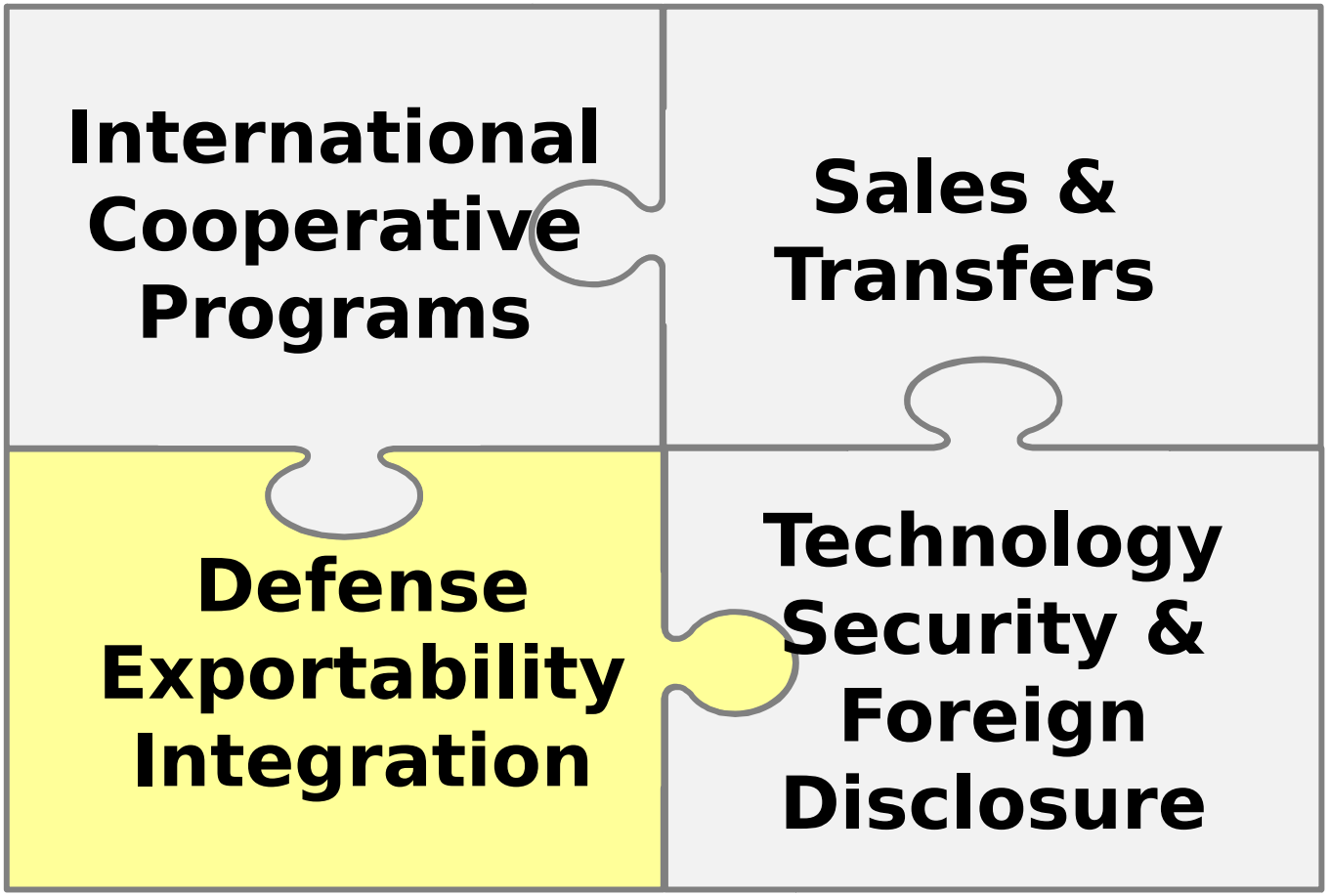
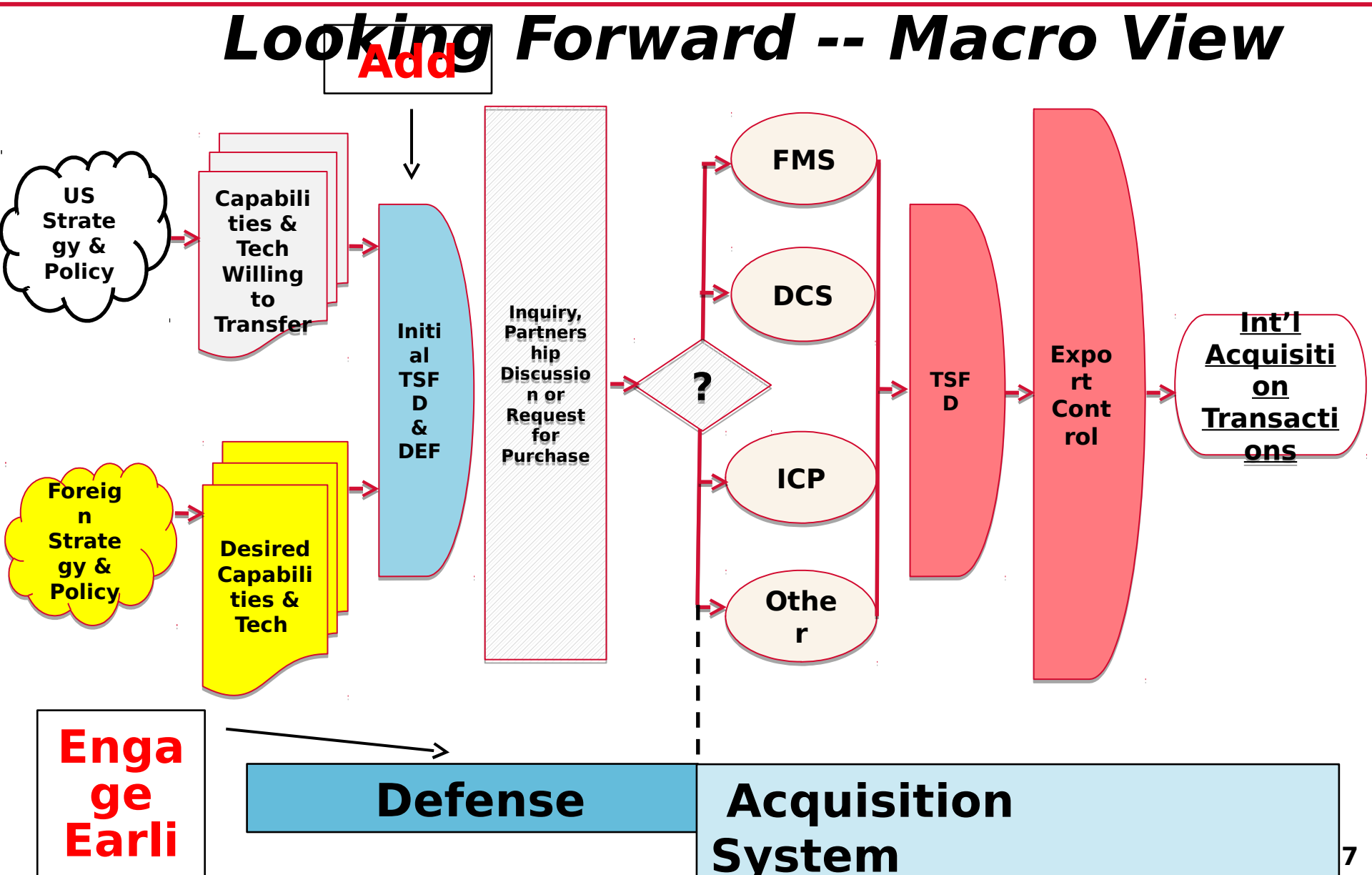


Designing for Exportability

Past	• Launch customer paid for technology security modifications to DoD configuration • Expensive and time consuming mods inhibit foreign sales
Present	• Defense Exportability Features (DEF) Pilot Program authorized by Congress in FY11 and subsequent Nat'l Defense Authorization Acts • OSD and the MILDEPs have selected 15 programs to participate as DEF Pilot Programs • Authorizes expenditure of DoD funds to evaluate exportability and facilitate
Why	• Improves protection of Critical Program Information (CPI) and critical functions using Anti-Tamper (AT)/Cyber measures • Reduces overall DoD and foreign program

Int'l Acquisition Transactions

Looking Forward -- Macro View



Changing the International Acquisition Culture

Conventional

- Separate ICP, FMS, DCS business planning
- Sequential, stove-piped transaction mechanisms
- Reactive TSFD

IA&E

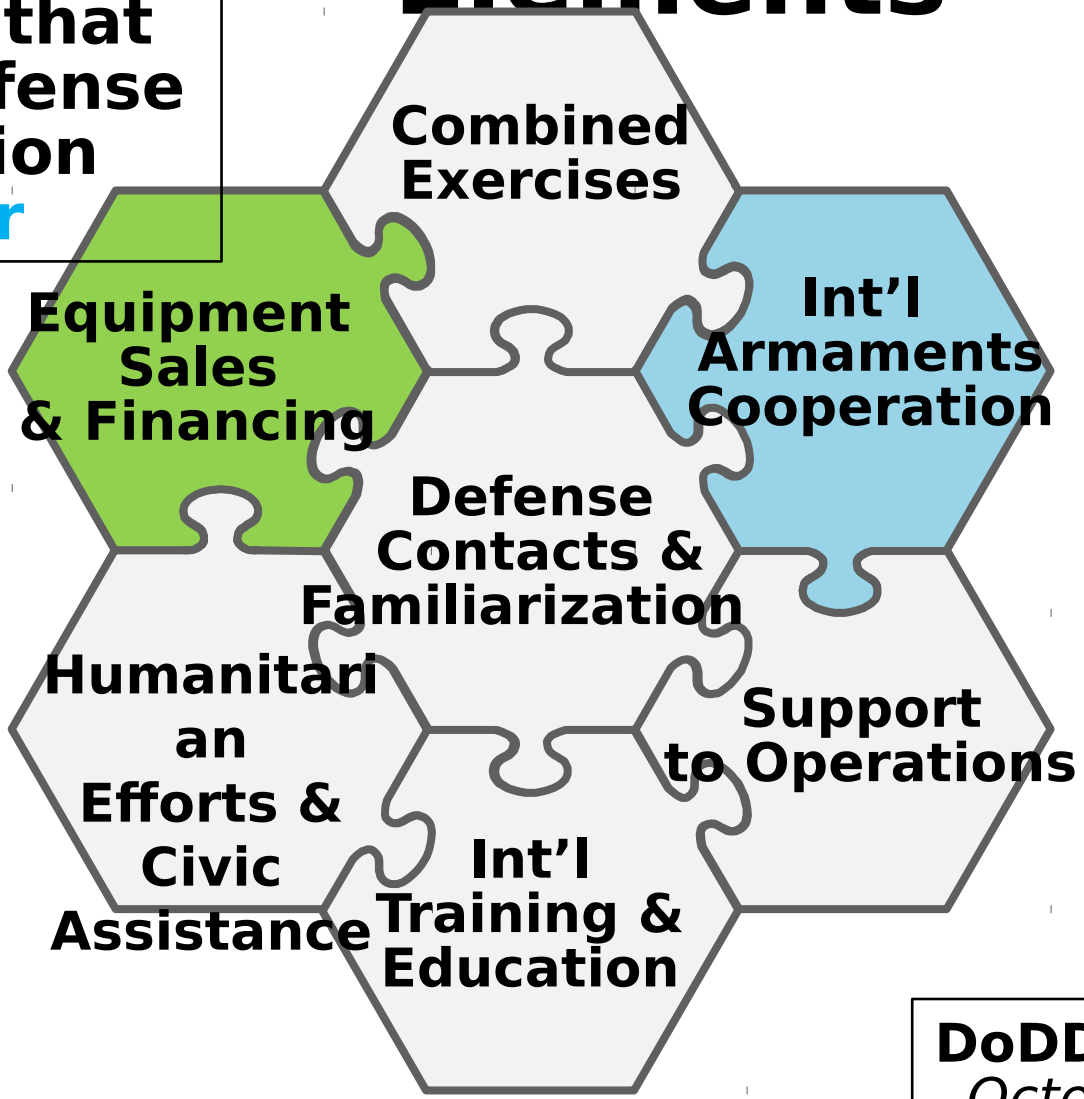
- Integrated international business planning
- Multiple, parallel transaction mechanisms
- Early TSFD and export control

Improved Outcomes for DoD, Allies, and Friends

Back Up Charts

Security Cooperation Elements

Elements that involve defense acquisition in color



DoDD 5132.03
October 2008

International Cooperative Programs (ICPs)

Scope

- DoD concludes about ~30 international agreements/year for ICPs
- Most agreements are for S&T or early R&D projects
- Some agreements for cooperation on a "piece" of a program
- Limited number of fully cooperative major system development/producti

Major System Examples

- F-35 Joint Strike Fighter (JSF)
- NATO Alliance Ground Surveillance (AGS)
- Rolling Airframe Missile (RAM)
- Evolved SeaSparrow Missile (ESSM)
- Multifunctional Information Distribution System (MIDS)

Security Assistance Programs

Security Assistance is a State Department-led effort primarily implemented by DoD

Program Administration Responsibilities

Department of Defense

- **Foreign Military Sales (FMS)**
- **Foreign Military Financing Program (FMFP)**
- **Int'l Military Education & Training (IMET)**
- **Foreign Military Construction Services (FMCS)**
- **Leases**
- **Drawdowns**

Department of State

- **Peacekeeping Operations**
- **Int'l Narcotics Control & Law Enforcement**
- **Nonproliferation, Antiterrorism, Demining, and Related (NADR)**

US Agency for Int'l Development

- **Economic Support Fund (ESF)**

Building Partner Capacity (BPC)

- Title 10, DoD Security Cooperation programs executed through the FMS infrastructure
- Differences from traditional FMS
  - USG Requesting Authority identifies requirement
  - Funded by the USG
  - "Pseudo"-LOAs are not signed by country
  - Title transfers in country
  - Multiple legal authorities

List of BPC policies & programs are contained in Chapter 15 of DoD's Security Assistance Management Manual (SAMM)

USG/DoD TSFD Processes

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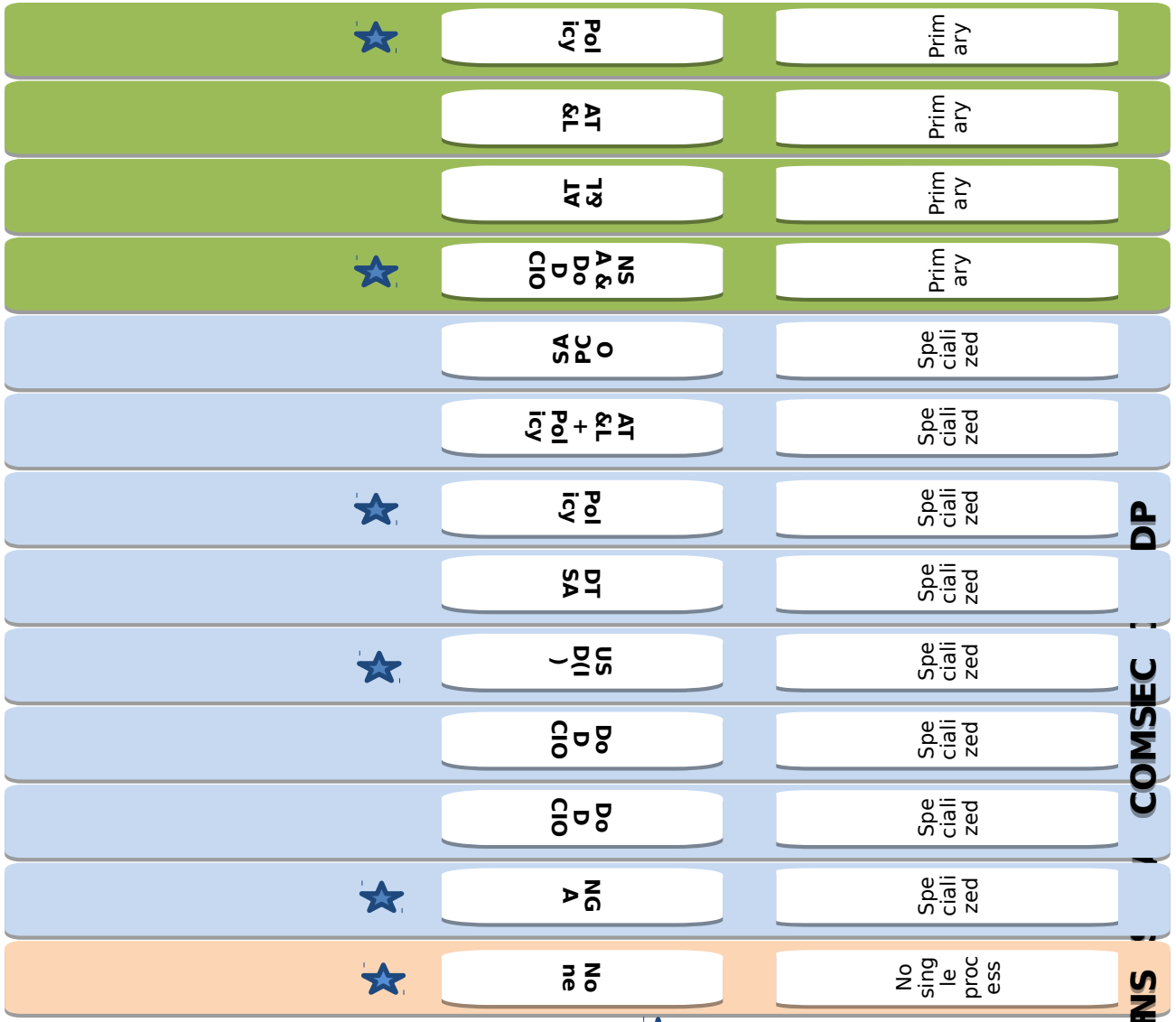

OSD TSFD Initiative

- **Arms Transfer and Technology Release (ATTR) Senior Steering Group (SSG) created in 2008 and formally established in 2012:**
  - **Overarching DoD authority to ensure clear senior-level direction; USD(P) & USD(AT&L) co-chairs**
  - **Serves as appeals board and mediation body**
- **TSFD Office (TSFDO) supports ATTR SSG efforts:**
  - **ATTR SSG Executive Secretariat and assesses/recommends changes to policies**

DD 5111.21, "ATTR SSG and TSFDO" (New October 20